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ANNUAL REPORT
OF THE
INDUSTRIAL ACCIDENT BOARD



TO THE
GOVERNOR OF MONTANA
HONORABLE. FORREST H. ANDERSON

FOR THE
FISCAL YEAR ENDED

June 30, 1970

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EMPLOYER ACCOUNTS

STATE OF MONTANA
INDUSTRIAL ACCIDENT BOARD

HELENA, MONTANA
59601

FORREST H. ANDERSON, GOVERNOR

The Honorable Forrest H. Anderson
Governor
State of Montana
Helena, Montana 59601

Dear Governor Anderson:

In accordance with the requirements of Section 82-4002, R.C.M., 1947, there is herewith transmitted to you the report of the Industrial Accident Board covering the fiscal year ended June 30, 1970.

The past fiscal year has been a period of transition, physically and administratively. Achievements of major significance were accomplished in the following areas:

1. A more complete division of Board and Fund functions and responsibilities.
2. Appointment of the Governor's Advisory Committee on Workmen's Compensation matters.
3. Establishment of the Public Information and Education Office within the Board.
4. Creation by the Board of the position of Administrative Coordinator.
5. Retainment of Woodward and Fondiller, Inc., as actuarial consultants.
6. Physical move of our office to new quarters -- and others as outlined under "Major Accomplishments" in this report.

My first recommendation relative to Legislative action to change the funding structure of the Industrial Accident Board and the State Fund is of vital importance. The means for providing adequately, albeit prudently, must be forthcoming to enable this office to effectively carry out its mandate as provided by the Workmen's Compensation Act.

Respectfully submitted,

J. J. Carden
J. J. CARDEN, Chairman

JJC/nmb

TABLE OF CONTENTS

	Page
Principal Offices and Officers	1
<u>General Review:</u>	
Legal References	2
Principal Goals	3
Program Inventory and Cost Summary	4
Major Accomplishments	5
Major Recommendations	11
<u>Detailed Review:</u>	
Analysis of Programs	28
Services Provided; Objectives; Target Groups; Achievements; and Cost and Performance Summary	
Financial Recap	34

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PRINCIPAL OFFICES AND OFFICERS

INDUSTRIAL ACCIDENT BOARD

OFFICER TERM OF OFFICE	HOME ADDRESS
J. J. Carden, Chairman 3-1-69 - 2-28-73	935 Fifth Avenue, Helena
Jack C. Carver, Member	309 South California, Helena
Sidney T. Smith, Member 3-1-69 - 2-28-73	430 Raymond, Helena
Margaret Condon, Secretary	1330 E. Lyndale, Helena

PRINCIPAL ADMINISTRATIVE OFFICERS

K. D. Bovee, Coordinator
Roy Jameson, Safety Director
A. J. Kiely, Fiscal Officer
Walter H. Marshall, Public Information Director
A. G. Pillen, Claims Manager
B. H. Stevens, Supervisor, Employer Accounts

PRINCIPAL OFFICE

815 Front Street, Helena

LEGAL REFERENCES

GENERALLY

The statutes relating to the operations of the Industrial Accident Board are contained primarily in Sections 92-101 through 92-1406, R.C.M., 1947.

Operating procedures emanate from the Board to administer statutory requirements, and Supreme Court precedence dictates further guidelines within which the Board operates.

SPECIAL

INSPECTION, EVALUATION AND EDUCATION PROGRAM

The administration of the Montana Safety Act, and Laws relating to Boiler Inspection and licensing; regulation of the quartz mining industry is the responsibility of the Department of Safety under the Industrial Accident Board. The statutes relating to this operation are contained in the Montana Safety Act, Sections 41-1708 through 41-1733; Boiler and Engineers Code, Sections 69-1501 through 69-1518; Mines and Boilers Code, Sections 50-901 through 51-906.

WORKMEN'S COMPENSATION PROGRAM

The administration of the Workmen's Compensation Program is governed by Sections 92-101, 91-123 through 92-1406. The Board is further responsible for the administration of the following:

1. Occupational Disease Act - Sections 92-1301 - 92-1360.
2. Industrial Insurance Second Injury Fund - 92-709A.
3. Volunteer Fireman's Compensation Law - 11-2020 - 2031.
4. Insurance Liquidation Fund - 92-1004.

PRINCIPAL GOALS

The Industrial Accident Board exists to provide prompt and reasonable income and medical benefits to work accident victims, or income benefits to their dependents; provide a single remedy and reduce court delays, costs and work loads arising out of personal injury litigation; encourage maximum employer interest in safety and rehabilitation through an appropriate experience rating program; and promote frank study of causes of accidents, thereby reducing preventable accidents and human suffering.

PROGRAM INVENTORY AND COST SUMMARY

<u>PROGRAM</u>	<u>COST</u> <u>1969-70 F.Y.</u>
Inspection, Evaluation and Education	\$ 211,471.
Workmen's Compensation	6,650,983.
Silicosis	696,141.
Administration*	591,471.
	<hr/>
Total	<u>\$8,150,066.</u>

*Administrative costs relative to the Workmen's Compensation program have been set forth separately to add clarity to this portion of the report.

MAJOR ACCOMPLISHMENTS

INSPECTION, EVALUATION AND EDUCATION

Achievements: To meet the increased demands of Montana industry in the area of Industrial Safety, the Safety Department intensified their efforts as represented by the following activities:

1. Conducted 4,425 safety inspections to evaluate existing industrial safety programs (this figure includes 2,967 boiler inspections).
2. Issued 40 work orders to alleviate unsafe working conditions and/or safety code violations.
3. Investigated 187 fatal and non-fatal injuries which were considered to be major in severity.
4. Boiler licenses were renewed for 2,792 operators and 439 examinations were held for new applicants.
5. Conducted 27 first aid courses with an attendance of 383.
6. Conducted 279 safety meetings with an attendance of 5,027.
7. Presented 229 safety films with an attendance of 4,960.
8. Conducted 15 industrial safety courses with an attendance of 308.
9. An Electrical Construction Safety Code is at 80% completion and will become effective during 1970-71.

Preliminary figures indicate at this time that the disabling injury rate, all industries, decreased by 3.5% for the period 7-1-69 through 6-30-70.

MAJOR ACCOMPLISHMENTS

WORKMEN'S COMPENSATION PROGRAM

Achievements:

1. A realignment of personnel was completed during the fiscal period 1969-1970 to more effectively divide Industrial Accident Board and State Fund functions and responsibilities. This was accomplished by placing the responsibility of supervision and administration of self-insured and private carrier claims activity with the Board Secretary. A new position was created, that of Plan I and Plan II Claims Supervisor, under the Board Secretary, to assist in this important administrative function. As a result, the Board was more effective in its responsibility to insure that benefits were received, as required by law, by injured employees whose employers were either self-insured or insured by private carriers. In the pursuit of this function, the personnel involved processed 13,260 work injury reports and supervised the handling of 2,323 claims for wage compensation.

The division was completed by divorcing Fund personnel entirely from the administrative processes involving Plan I and Plan II claims activity. Consequently, the position of Supervising Claims Examiner was created under the supervision of the Fund's Claims Manager to assist in personnel and administrative supervision affecting Plan III claims activity. This definite division of functions and responsibilities allowed the Fund to establish, at the sub-program level, administrative routines to facilitate the effective conclusion of Plan III claims. This department of the Fund handled the administrative

detail relevant to 9,300 work injury reports and 1,732 claims for wage compensation.

2. The Governor's Advisory Committee was appointed shortly after the beginning of this past fiscal year, being composed equally of representatives of labor and management. It was charged with the responsibilities of evaluating Montana Workmen's Compensation Laws in light of today's social and economic demands, with ultimate recommendations for changes to be made to the Legislature.

The Committee has been meeting regularly since that time, making comprehensive inquiries into issues such as benefits, boiler laws, occupational disease, private carrier bonding, extensions of coverage, etc., with a keen awareness of the growing threat of compulsory federal standards in all aspects of Workmen's Compensation in the next several years.

Many important and long-needed changes will be recommended to the 42nd Legislature.

3. In an attempt to bridge an information gap between the Industrial Accident Board and Montana employers, employees, and the public in general, a new position of Public Information and Education Director was created by the Board. The primary purpose of this office, coupled with efforts of our field personnel, is to inform the Montana employer of his obligations under the Workmen's Compensation Act, the Montana labor force of the benefit provisions available to them under the Act in the event of injury on the job, and to assist our safety staff in carrying the industrial safety message throughout the State of Montana.

It is difficult to measure the results of this effort particularly since this is the first year and funds for this sub-program have been extremely limited. However, in spite of limited funds, efforts in this area have been well planned, well directed and well received.

Our information and education effort for the forthcoming fiscal year will again be limited in scope because of lack of funds; however, the impact of our efforts will be strengthened based on the results of our first year's experience.

4. The modification of the duties of the Board Hearings Officer from a multiplicity of duties to duties concerned only with the hearing of disputed cases. Being able to bring his full attention and experience to this prime responsibility will enable this officer to dispose of disputed claims in a more expeditious manner to the ultimate benefit of the claimant.

5. The creation by the Board of the position of Administrative Coordinator. This position developed from the extreme need to coordinate the efforts of the various departments within the agency. Over the years, a situation had developed which caused a lack of singleness of purpose relative to the various functions performed by the individual departments; consequently, effective accomplishment of program objectives was something less than desired. We now have the potential and, in fact, are accomplishing our program objectives as a result of coordinated agency effort.

An important by-product obtained from the creation of this position has been a reduction in the administrative detail heretofore placed on the Board Chairman as the Executive Administrative Officer of the Fund. This, then, allows the Chairman to bring his

experience and full attention to bear upon the administration of the Workmen's Compensation Act.

6. The creation of a special fieldman position whose primary function, as an agent of the Board, is to assure compliance to the Act by all firms or employers whose activities are determined to be hazardous as defined by the Act and/or the Board. This accomplishment is of major significance because, although it is a Board responsibility, in the past no overt action was ever taken in this area until this past fiscal year. This fieldman has also caused continuation of coverage by firms whose coverage was in jeopardy of being cancelled because of non-payment of premium, etc.

7. The retainment of Woodward and Fondiller, Inc., the foremost consulting actuarial firm in the field of Workmen's Compensation in this country, to evaluate the adequacy of the aggregate reserve levels of the State Fund. Their "Report on the Analysis of Reserves for Loss as of June 30, 1969", dated November 5, 1969, found the State Fund aggregate reserve levels to be: "currently satisfactory". (The report mentioned above has been reviewed by representatives of the Legislative Audit Committee.)

8. The Industrial Accident Board Advisory Committee was established by the Board to define, discuss and resolve administrative problems involved in the handling of Workmen's Compensation claims. An area of particular concern within the industry at this time is the problem involving increasing medical and hospital costs. Efforts are being made by this committee through negotiations with the Montana Medical Association and the Montana Hospital Association to arrive at equitable rates and fees charged the insurance industry for medical care of industrial injury cases.



9. The Board developed and initiated a personnel policies and procedural manual during the past fiscal period. The manual is comprehensive in its coverage and has proved extremely helpful as a management tool. In conjunction with our formalization of personnel policy, the Board is utilizing periodic employee evaluation in an attempt to upgrade employees at all grade levels within the organization. Employee progress is rewarded with pay increases within the scope of our appropriation.

10. The physical move of our office quarters from the Mitchell Building in the capitol complex to our newly remodeled office at 815 Front Street was an undertaking of major proportions and major significance. We were fortunate in being able to design the floor plan to conform to our work-flow, resulting in a more effective utilization of our work force. Our new offices provide greater floor space which has allowed us to effect administrative improvements which otherwise would have been impossible. Considering our anticipated growth factor, our new quarters should be adequate for quite some time to come.

11. Review of our investment portfolio with emphasis placed upon yield, resulting in an increase in our interest income of \$138,557.90. This was accomplished with only a \$317,000.00 increase in our investments during the course of the year.

12. Initiated departmental budgeting procedure as a practical expedient to proper budgeting and effecting improved budget control at the departmental level where it rightly belongs. Our department heads have, in fact, been given the responsibility of management and are held strictly accountable for this management function.

MAJOR RECOMMENDATIONS

PROGRAM: INSPECTION, EVALUATION AND EDUCATION

REQUIRED IMPLEMENTATION ACTION: LEGISLATIVE

PRIORITY RATING: 1 OF 3

CATEGORY ADDING NEW SERVICES AND INCREASING EXISTING SERVICES

Recommendation: An increase in the budget appropriation during the next biennium to permit the employment of eleven additional fieldmen and three administrative personnel.

Discussion: One of the positions would provide for an industrial health engineer which would give the Department the necessary capability to test, measure and analyze toxic and hazardous air, vapors, dust and noise. The additional personnel would permit a further intensification of effort to meet the increased demands of industry, and reduce further the exposure of employees to hazardous employment conditions. With our existing force (twelve inspectors, three administrative and two supervisory personnel), we are currently, on the average, reaching only 11% of the 15,000 industrial employers during any given period relative to loss prevention services. This obvious limitation in our loss prevention services may be further dramatized by the fact that the majority of private carriers writing workmen's compensation coverage in the state offer little, if any, loss prevention services to their insureds.

MAJOR RECOMMENDATIONS

PROGRAM: INSPECTION, EVALUATION AND EDUCATION

REQUIRED IMPLEMENTATION ACTION: LEGISLATIVE

PRIORITY RATING: 2 OF 3

CATEGORY: PROVIDING GREATER AUTHORITY TO ADMINISTER EXISTING PROGRAMS

Recommendations: In jurisdictions such as coal, metal and non-metal mining where safety laws are initiated by the legislative body, authority to promulgate safety codes be given to the Industrial Accident Board, which is charged with the responsibility of administration of the industrial safety program.

Discussion: The above recommendation would allow the Safety Department to be more responsive in promulgating safety codes which satisfy current industrial safety requirements. This flexibility would permit effective, timely adjustment to meet federal level requirements as well as requirements peculiar to the mining industry. Further, this responsive capability to promulgate consensus-type codes would create an environment which would, in effect, stimulate employers to comply with accepted safety codes and would further encourage joint labor-management acceptability.

Of paramount importance here is compliance to an acceptable safety code by administrative enforcement. Given an acceptable safety code, enforcement would be straight-forward and objective.



MAJOR RECOMMENDATIONS

PROGRAM: INSPECTION, EVALUATION AND EDUCATION

REQUIRED IMPLEMENTATION ACTION: LEGISLATIVE

PRIORITY RATING: 3 OF 3

CATEGORY: IMPROVING COORDINATION WITH OTHER AGENCIES OR PROGRAMS

Recommendation: That laws relating to boilers and engines be revised and updated to conform to new methods and equipment.

Discussion: Reduce the experience requirements for boiler engineers, e.g., third class and low pressure categories. Our current criteria is inconsistent with present industrial requirements. For example, our current experience requirement for third class is one year; this should be reduced to six months. Low pressure experience requirements are currently six months; this should be reduced to three months.

To change the horse power rating criteria relative to compressors for the purpose of licensing operators.

MAJOR RECOMMENDATIONS

PROGRAM: WORKMEN'S COMPENSATION

REQUIRED IMPLEMENTATION ACTION: LEGISLATIVE

PRIORITY RATING: 1 OF 11

CATEGORY: INCREASE EXISTING SERVICES AND PROVIDE GREATER AUTHORITY
TO ADMINISTER EXISTING PROGRAMS

Recommendation: To amend those sections of the Workmen's Compensation Act (Sections 92-116, 92-902, 92-1005) which govern the assessment latitude of the Industrial Accident Board in relation to availability of administrative funds.

Discussion: The Industrial Accident Board is currently operating under funding restrictions which are wholly impractical and highly unrealistic. Our ability to establish an effective program for the proper administration of the Workmen's Compensation Act is severely limited because of these unrealistic budget restrictions. Probably the greatest handicap suffered by State Funds and Industrial Commissions is inadequate appropriations and salaries; the losses that result are financial, human and social.

Given our present level of premium income and our prevailing assessment rate of two-thirds of ten percent of premium income, we find ourselves in a static position unable to move forward in the provision of improved services to industry and labor in Montana. All of our recommendations are designed to implement our basic programs of Workmen's Compensation and Industrial Safety in this important sphere of social insurance and will go unrealized unless this ability to acquire adequate funding is recognized and approved.

MAJOR RECOMMENDATIONS

PROGRAM: WORKMEN'S COMPENSATION

REQUIRED IMPLEMENTATION ACTION: LEGISLATIVE

PRIORITY RATING: 2 OF 11

CATEGORY: INCREASING EXISTING SERVICES

Recommendation: An additional \$12,000.00 to be appropriated to hire a statistician and one clerk-stenographer.

Discussion: The Coordinator is responsible for the development of statistical data as well as coordination of the administrative activities of the various departments and the work load is such that additional assistance is imperative in this area.

MAJOR RECOMMENDATIONS

PROGRAM: WORKMEN'S COMPENSATION

REQUIRED IMPLEMENTATION ACTION: LEGISLATIVE

PRIORITY RATING: 3 OF 11

CATEGORY: INCREASING EXISTING SERVICES

Recommendation: An additional \$52,500.00 should be appropriated to hire an assistant claims manager and three additional clerks to assist in the handling and processing of Fund claims.

Discussion: At the present time 8,051 employers are enrolled under the State Fund. During the period July 1, 1969, through June 30, 1970, 9,300 work injuries and 1,732 claims for wage compensation were handled by State Fund personnel. Two claims examiners are currently managing 650 claims for wage compensation in addition to processing approximately 4,500 accident reports each during the fiscal year. Efficient claims management can only result from adequate well-trained personnel.

MAJOR RECOMMENDATIONS

PROGRAM: WORKMEN'S COMPENSATION

REQUIRED IMPLEMENTATION ACTION: LEGISLATIVE

PRIORITY RATING: 4 OF 11

CATEGORY: INCREASING EXISTING SERVICES

Recommendation: An additional \$15,000.00 appropriation to hire one assistant employer accounts supervisor and an additional clerk to assist in the handling and processing of new firm accounts and in the general operation of the employer accounts department.

Discussion: The employer accounts department is understaffed, resulting in delays in processing new enrollments, cancellations and general office correspondence relative to underwriting. The additions of staff outlined above will allow for more effective handling of our workload in this important area of firm coverage.

MAJOR RECOMMENDATIONS

PROGRAM: WORKMEN'S COMPENSATION

REQUIRED IMPLEMENTATION ACTION: LEGISLATIVE

PRIORITY RATING: 5 OF 11

CATEGORY: ADDING NEW SERVICES AND INCREASING EXISTING SERVICES

Recommendation: An additional \$21,000.00 per annum be appropriated to employ two claims examiners and one additional clerk to assist in the supervision, handling and processing of Plans I and II enrollment records and claims records.

Discussion: At the present time, more than 7,000 employers are enrolled under Plans I and II, involving 64 self-insurers and over 120 insurance carriers. This exposure results in annual losses exceeding 12,000 in number and \$4,000,000.00 in benefit liability.

Although the Industrial Accident Board is charged with supervisory responsibilities over the above listed self-insurers and insurance carriers, previous budgets have not allowed sufficient work force to accomplish any more than a superficial surveillance at best.

Both management and labor are demanding and should receive substantially increased activity in this most important function of the Board.

MAJOR RECOMMENDATIONS

PROGRAM: WORKMEN'S COMPENSATION

REQUIRED IMPLEMENTATION ACTION: LEGISLATIVE

PRIORITY RATING: 6 OF 11

CATEGORY: INCREASING EXISTING SERVICES

Recommendation: An additional \$24,000.00 should be appropriated to hire three additional field representatives to personally contact seriously injured workmen.

Discussion: In the course of each year, at least 2,700 workmen are disabled as a result of industrial injuries. The claims department must provide medical and compensation benefits with the least possible delay. However, at least 10% of the 9,300 accidents reported to us last year required investigation to determine whether or not the injury was job-incurred.

Workmen who are seriously injured should have immediate personal contact from a Fund representative. If this is not accomplished, they seek advice elsewhere, and this sometimes results in the payment of unnecessary attorney's fees by the injured claimant. The present staff of three field representatives cannot effectively handle the existing work load. Doubtful cases cannot be investigated promptly, and serious cases cannot be properly managed in the absence of personal contact.

MAJOR RECOMMENDATIONS

PROGRAM: WORKMEN'S COMPENSATION

REQUIRED IMPLEMENTATION ACTION: LEGISLATIVE

PRIORITY RATING: 7 OF 11

CATEGORY: ADDITIONAL EQUIPMENT FOR A NEW SERVICE

Recommendation: An additional \$5,000.00 should be appropriated to purchase the new video-tape equipment plus enough supplies for the biennium.

Discussion: This current fiscal year we are purchasing a video-tape recorder and camera which is the initial step in producing our own training films, an integral part of our long-range program of information and education directed toward management, labor and the public in general.

The above additional equipment is the second major step in this program and will supply us with facilities to go into the field for actual on-the-job productions and programs.

MAJOR RECOMMENDATIONS

PROGRAM: WORKMEN'S COMPENSATION

REQUIRED IMPLEMENTATION ACTION: LEGISLATIVE

PRIORITY RATING: 8 OF 11

CATEGORY: PROVIDING GREATER AUTHORITY TO ADMINISTER EXISTING PROGRAMS AND ADDING NEW SERVICES

Recommendation: The Montana Workmen's Compensation Act be amended to prevent future federal intervention and to allow us to keep abreast of our current social and economic obligations within this sphere of social insurance.

Discussion: The International Association of Industrial Accident Boards and Commissions has recommended standards for the various Workmen's Compensation Laws. Those recommendations, as they apply to the Montana Act, are as follows:

1. Coverage for farm employment.
2. Medical coverage without time or cost limitation.
3. Supervision and control of medical care by the compensation agency.
4. Full rehabilitation of injured workers, including weekly benefits and other necessary expenses during the period of rehabilitation.
5. Compensation up to at least two-thirds of the average weekly wage for the jurisdiction for temporary total disability.
6. Benefits for life in cases of permanent total disability.

7. Benefits for life, or to remarriage, payable to the widow in death cases.
8. A Second Injury Fund established to permit the employment of the physically handicapped without hardship on the part of either the worker or his employer.
9. A legislative budget that will allow the State Fund to carry out existing and proposed programs to properly administer the provisions of the Workmen's Compensation Act.

MAJOR RECOMMENDATIONS

PROGRAM: WORKMEN'S COMPENSATION

REQUIRED IMPLEMENTATION ACTION: LEGISLATIVE

PRIORITY RATING: 9 OF 10

CATEGORY: INCREASING EXISTING SERVICES

Recommendation: An additional \$4,500.00 appropriation to hire an additional clerk in the accounting department to handle capital and supply inventories and the additional responsibility of the micro film processing in the department.

Discussion: This activity is presently being carried out ineffectively on a part-time basis; the work load demands the attention of a full-time employee to attain an effective level of control.

MAJOR RECOMMENDATIONS

PROGRAM: WORKMEN'S COMPENSATION

REQUIRED IMPLEMENTATION ACTION: LEGISLATIVE

PRIORITY RATING: 10 OF 11

CATEGORY: PROVIDING GREATER AUTHORITY TO ADMINISTER EXISTING PROGRAMS

Recommendation: Amend Section 92-1121 to include salary and wages paid during actual vacation period as remuneration subject to premium assessment.

Discussion: Many enrollees under the Fund fail to exclude vacation pay when submitting their payroll reports to the Fund, resulting in returned premium during their annual audit of their books and records.

Vacation pay is included as remuneration subject to assessment by all other states bound by the provisions of the Basic Manual of Rules and Classification Rates issued by the National Council on Compensation Insurance.

MAJOR RECOMMENDATIONS

PROGRAM: WORKMEN'S COMPENSATION

REQUIRED IMPLEMENTATION ACTION: LEGISLATIVE

PRIORITY RATING: 11 OF 11

CATEGORY: ADDING NEW SERVICES AND INCREASING EXISTING SERVICES

Recommendation: A card viewer at a cost of \$3,000.00 should be purchased for records of Plans I and II claims.

Discussion: The present methods of filing claim records are archaic and cumbersome. The new system would greatly improve the efficiency of this department and release substantial floor space for other functions. Additionally, this system would ultimately assist in reducing the number of personnel presently required.

MAJOR ACCOMPLISHMENTS

SILICOSIS

Achievements: During the fiscal year ending June 30, 1970, monthly benefit checks were processed to more than 400 silicosis recipients. Medical examinations were scheduled and processed for 59 new applicants, of which 22 were approved for benefits.

MAJOR RECOMMENDATIONS

PROGRAM: SILICOSIS

REQUIRED IMPLEMENTATION ACTION: LEGISLATIVE

PRIORITY RATING: 1 OF 1

CATEGORY: INCREASE EXISTING SERVICES

Recommendation: An additional \$5,000.00 be appropriated for personal services to make available field investigation when needed.

Discussion: Since July 1, 1961, when the Industrial Accident Board was charged with the responsibility of administering the silicosis benefit portion of the Public Welfare Act, the total number of recipients has been decreasing on an average of 47 per year.

The fiscal year ending June 30, 1970, has produced a marked change in a reduction of that average attrition rate of nearly two-thirds. This substantial reduction in the rate of decrease can be attributed primarily to transfers from the Occupational Disease Act; transfers of those receiving benefits for silicosis under that program following a completion of the statutory limitation on payments. This can result in a leveling off of total silicosis recipients during the next several years.

Therefore, to properly administer this continuing program, with an emphasis on periodic surveillance of recipients for purposes of income qualification, field contact and investigation is an absolute necessity.

ANALYSIS OF PROGRAMS

INSPECTION, EVALUATION AND EDUCATION

Services Provided: Effective enforcement of Montana Safety Codes and Laws; evaluation of employer job sites through the inspection and survey program; promulgation of safety codes and standards; training programs and innovation of methods, techniques and practices to resolve specific safety problems; accident prevention engineering; encourage joint labor-management efforts to improve employer work practices.

Objectives: Based on past experience relative to accident data, it has been determined that many industrial accidents could have been prevented, provided timely emphasis is placed upon an up-to-date, comprehensive safety program. Our ultimate program goal would be to reduce the incidence of industrial injuries to zero; however, a realistic achievement would be to reduce our disabling injury rate an anticipated 10 to 15% over the next ten year period.

Target Groups: Our target groups concerned with industrial safety are industry, organized labor and the Montana labor force.

Achievements: The benefits of an effective safety program are the reduction of preventable accidents and the accompanying human suffering, with its resulting economic gains in wages and productive capacity. Preliminary figures indicate that the disabling injuries, all industries, decreased by 3.5% for the period July 1, 1969, through June 30, 1970.

Cost and Performance Summary: The following data is presented in summary form. Additional supporting data is available upon request.

	<u>F I S C A L Y E A R S</u>		
	<u>Historical 1968-1969</u>	<u>Current 1969-1970</u>	<u>Projected 1970-1971</u>
Cost	\$197,880.	\$211,471.	\$234,466.
Disabling injuries per 1,000 population	34.0	33.2	32.9

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ANALYSIS OF PROGRAMS

WORKMEN'S COMPENSATION

Services Provided: Assure availability of coverage for all employers engaged in hazardous industrial pursuits. Determine that all hazardous industry is, in fact, complying with the statutory requirement of Workmen's Compensation coverage. Provide sure, prompt and reasonable income and medical benefits to work accident victims, or income benefits to their dependents. Supervise the administration of Plan I and Plan II activity to assure fair and impartial treatment of claimants indemnified by self-insurers and private carriers. Adjudicate promptly and judiciously all disputes arising out of claims for benefits under the Workmen's Compensation and Occupational Disease laws. Provide for the frank study of causes of accidents (rather than concealment of fault). Provide statistical accident data to assist employers in their safety efforts. Application of sound actuarial practices resulting in a premium rate structure that is not excessively burdensome to the Montana employer, but, however, will insure the solvency of the State Fund.

Objectives: Provide prompt wage compensation and medical benefits to claimants, or to their dependents, who have suffered an injury in the course of their employment. Provide a single remedy and reduce court delays, costs and work loads arising out of personal injury litigation. Improve the administration of claims handling to the point where the incidence of attorney activity and court appeals is slight. Relieve public and private charities of financial drains incident to uncompensated industrial accidents. Encourage maximum

employer interest in safety and rehabilitation through application of appropriate experience rating mechanism. Our ultimate level of accomplishment is to provide an administrative entity that will deliver the benefits, as described in the Act, surely, swiftly and judiciously, requiring only a minimum effort on the part of the injured party to gain what is promised under the Workmen's Compensation Act.

Target Groups: As target groups we must consider both employers and employees in the State of Montana. We must weigh the application of the Act and its administration, giving equitable treatment to both groups. But, judicious administration of the Act in its present form is concerned primarily with providing for the well-being of the workman who has suffered an industrial injury.

Achievements: With respect to effective administration to provide timely benefits, reporting by the employer, employee and treating physician is most important; however, the promptness of first payment is a basic measure of performance. During this past year, we have instituted a number of changes which we feel will improve the time lag between receipt of reports and date of first payment -- to the benefit of the claimant. Medical payments on medical-only cases have been speeded by the addition of a medical claims examiner. Wage compensation claims are divided between two claims examiners; continuous control has resulted through the utilization of a claims diary system. Responsibility for individual claims is placed with the examiner from its inception to its final disposal. At this time, we have not completed the necessary E.D.P. Programming to measure our time lag relative to promptness of first payment. We have been

capturing data in this area and will complete E.D.P. Programming during this fiscal period. Given this resulting data, we will be able to measure the effectiveness or ineffectiveness of applied administrative procedures. Consequently, at this time, we are only able to supply a subjective evaluation of our performance, which we feel has been improved during this past period.

Cost and Performance Summary: The following data is presented in summary form. Additional supporting data is available upon request.

	<u>F I S C A L Y E A R S</u>		
	<u>Historical 1968-1969</u>	<u>Current 1969-1970</u>	<u>Projected 1970-1971</u>
Cost	\$5,456,261.	\$7,242,454.	\$8,016,760.

Performance: See "Achievements" above.

ANALYSIS OF PROGRAMS

SILICOSIS

Services Provided: Provide monthly benefit payments to those Montana residents who are totally disabled and barred from gainful employment because of silicosis.

Objectives: Continued effective medical screening of applicants in the determination of silicosis disability. Emphasis on periodic checks of recipients for the purpose of income qualification. This program will eventually be phased out as the incidence of exposure to silicosis dust in quartz mining is relatively low today. The number of recipients has decreased from 741 in 1961 to 393 as of June 30, 1970.

Target Groups: Workmen exposed to silicosis dust over a long period of time.

Achievements: During the fiscal year ending June 30, 1970, monthly benefits were processed for the approximately 400 silicosis benefit recipients. Medical examinations were scheduled and processed for 59 new applicants; of these 59, 22 were granted benefits.

Cost and Performance Summary: The following data is presented in summary form. Additional supporting data is available upon request.

	<u>F I S C A L Y E A R S</u>		
	<u>Historical 1968-1969</u>	<u>Current 1969-1970</u>	<u>Projected 1970-1971</u>
Cost	\$694,579.	\$696,141.	\$649,227.

Performance: Continued effective medical screening.

PROGRAM COSTS BY OBJECT OF
EXPENDITURE AND SOURCE OF FUNDING

1969-70 FISCAL YEAR

PROGRAM	SAFETY	
	OBJECT OF EXPENDITURE	
	PERSONAL SERVICES	\$ 129,279.
	OPERATIONS	73,992.
	CAPITAL	8,200.
	GRANTS AND BENEFITS	
	TOTAL EXPENDED	\$ <u>211,471.</u>
	SOURCE OF FUNDING	
	Account 21400 Industrial Accident Administrative Earmarked Revenue Account	
	TOTAL EXPENDED	\$ <u>211,471.</u>

PROGRAM	SILICOSIS PROGRAM	
	OBJECT OF EXPENDITURE	
	PERSONAL SERVICES	\$ 5,913.
	OPERATIONS	6,860.
	CAPITAL	
	GRANTS AND BENEFITS	683,368.
	TOTAL EXPENDED	\$ <u>696,141.</u>
	SOURCE OF FUNDING	
	Account 110100 General Fund	
	TOTAL EXPENDED	\$ <u>696,141.</u>

1969-70 FISCAL YEAR

PROGRAM	OBJECT OF EXPENDITURE	
	<i>PERSONAL SERVICES</i>	
	<i>OPERATIONS</i>	
	<i>CAPITAL.....</i>	
	<i>GRANTS AND BENEFITS.....</i>	
	<i>TOTAL EXPENDED.....</i>	
	SOURCE OF FUNDING	
	<i>TOTAL EXPENDED.....</i>	

PROGRAM COSTS BY OBJECT OF
EXPENDITURE AND SOURCE OF FUNDING
1969-70 FISCAL YEAR

SUMMARY OF ALL PROGRAMS

OBJECT OF EXPENDITURE

Personal Services	\$ 468,741.00
Operations	294,707.00
Capital	29,632.00
Grants and Benefits	<u>6,134,712.00</u>
Total Expended	<u>\$6,927,792.00</u>

SOURCE OF FUNDING

General Fund	\$ 696,141.00
Industrial Administrative Earmarked Revenue Account	780,307.00
Industrial Accident Agency Account	5,384,212.00
Volunteer Firemen's Compensation Earmarked Revenue Account	7,400.00
Industrial Insurance Liquidation Agency Account . .	56,258.00
Occupational Disease Agency Account	1,966.00
Industrial Accident Second Injury Agency Account .	<u>1,508.00</u>
Total Funding	<u>\$6,927,792.00</u>

